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March 1<sup>st</sup>, 2018

Ms. Kirstin Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27th Floor  
Toronto, ON M4P 1E4

**Re: Greater Sudbury Hydro Inc – Request to Defer 2019 Cost of Service Rate Application**

Dear Ms. Walli:

Greater Sudbury Hydro Inc (“GSHi” or “the Utility”) last filed a Cost of Service (“COS”) rate application to the Ontario Energy Board (“the Board”) for rates effective May 1, 2013, and was therefore scheduled to rebase for rates effective May 1, 2017. GSHi has since requested two deferrals and has received OEB approval for those requests. At this time GSHi is requesting to defer rebasing for rates effective May 1<sup>st</sup>, 2020 and set rates for May 1<sup>st</sup>, 2019 using the 4<sup>th</sup> Generation Price Cap IR rate setting method.

In considering a deferral request for the upcoming rate year, GSHi evaluated whether the time and expense of a COS application would be to the benefit of the utility and its customers. GSHi does not feel a COS application would be to the benefit of the rate payers or the utility at this time and is requesting to set rates using the 4<sup>th</sup> Generation Price Cap IR rate setting method for the upcoming rate year.

*Return on Equity*

GSHi is earning an acceptable and stable return on equity (“ROE”) and anticipates that it can continue to manage its resources to remain within +/- 300 basis points (“the dead band”) of its last OEB approved rate of return for 2018 & 2019 while remaining under the 4<sup>th</sup> Generation Price Cap IR for an additional year.

Further to the information included in our deferral request letter from the previous year, in 2016 GSHi achieved an ROE of 10.17% which is 119 basis points above the Regulated Rate of Return of 8.98% approved in our 2013 Cost of Service application.

Based on preliminary financial results for the 2017 fiscal year, GSHi is anticipating its ROE to be within the dead band.

## Reliability Standards

Supplementary to the data provided in GSHi's previous deferral request letter, the final 2016 reliability standards are included below, for the Board's consideration.

	<b>Historical 5 Year Target Range</b>	<b>2016</b>
<b>SAIDI – Reported in RRR</b>	1.01 - 1.61	1.19
<b>SAIFI – Reported in RRR</b>	0.87 - 1.83	0.87

The SAIDI and SAIFI statistics indicate that GSHi is within the historical 5 year target range for these indicators. GSHi is confident that the Utility will be able to maintain these levels while remaining under the 4<sup>th</sup> Generation Price Cap IR for an additional year.

In conclusion, GSHi is requesting to defer rebasing for an additional year, for rates effective May 1<sup>st</sup>, 2020. GSHi requests permission to set rates for May 1<sup>st</sup>, 2019 to April 30<sup>th</sup>, 2020 using the 4<sup>th</sup> Generation Price Cap IR rate setting method. Should you have any questions or require further information, please do not hesitate to contact the undersigned.

Respectfully submitted,

*ORIGINAL SIGNED BY*

Frank Kallonen  
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